

		AGENDA ITEM 6
		PSEG/03/14
Committee:	Place Services and Economic Growth Scrutiny Committee	
Date:	23 January 2014	
ESSEX ECONOMIC GROWTH STRATEGY		
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On 28 November 2013 the Committee received a briefing on the County Council's Economic Growth Strategy, which was approved by the Cabinet in October 2012. The purpose of the session was to provide an overview of the Strategy, its development and implementation, and to engage Members in discussion on how the Strategy will evolve.

The briefing provided a positive forum for the Committee to develop Members' knowledge about the Strategy, and an opportunity for them to influence the way that it is evolving in practice. A note of the meeting is attached at the Appendix to this report.

Action required by the Committee:

The Committee is requested to note this report, and Members' comments that have been recorded so that they may be taken into account as part of the implementation of the Economic Growth Strategy.

Appendix

Notes of a Place Services and Economic Growth Scrutiny Committee briefing held on 28 November 2013 on the Essex Economic Growth Strategy

Present:

Councillors:

Simon Walsh (Chair), Barry Aspinell, Malcolm Buckley, Andrew Erskine, Carlo Guglielmi, Ian Grundy, Tony Hedley, Roger Hirst, Jamie Huntman, David Kendall, Malcolm Maddocks, and Andy Wood

Christine Sharland, Scrutiny Officer

Michael Cleary, Fast Track Manager

Witnesses :

Fiona Bodle, Head of Commissioning: Economic Growth

Steve Clarke, Director of the Haven Gateway Partnership

Sara Ismay, Policy and Strategy Advisor

Ros Dunn, Director of Commissioning Economic Growth and Communities

David Adlington, Head of Enterprise

The briefing had been arranged for the Committee to receive an explanation of the Essex Economic Growth Strategy given by Officers leading the commissioning in Economic Growth, and the development of Economic Growth in Essex.

Councillor Walsh welcomed Fiona Bodle, Head of Commissioning: Economic Growth (ECC); Steve Clarke, Director of the Haven Gateway Partnership; and David Adlington, Head of Enterprise to the meeting.

Fiona Bodle began the presentation by explaining how the Economic Growth Strategy had come into existence, what its overarching and specific aims were, and the indicators that had been selected to measure a successful outcome from the Strategy. The progression and development of the five key documents was then explained, along with what thematic priorities were chosen and what key sectors were being targeted for additional support.

Economic Growth Strategy Background

The following background has been extracted from the powerpoint presentations:

- The Economic Growth Strategy received formal agreement in October 2012 and has an overarching aim: **“To unlock growth now, secure jobs and earnings tomorrow, and create the conditions for long term economic growth and strengthening communities.”**
- One of the priorities of the new outcomes framework that will guide

commissioning decisions and inform the budget setting process is:
“**Sustainable economic growth for Essex communities and businesses.**”

Agreed indicators for Outcome:

- Job growth in a) key locations and b) key sectors
- Housing growth in key locations
- Supply of fit for purpose business premises
- Increased connectivity and journey time reliability on priority route network
- Number of bus and / or community transport journeys
- Median earnings
- Coverage of superfast broadband services
- Sustainable business start-up rates
- Percentage of Essex businesses who think they can recruit suitable people
- Percentage of working age people in employment
- Business rates growth

Economic Growth Strategy:

- Development of **five documents**:-
 - 1) Evidence Base
 - 2) Strategy
 - 3) Implementation Plan
 - 4) Case for Investment 2013/14
 - 5) Performance Framework
- The approach taken in the EGS is a combination of **thematic priorities** with identification of **key sectors**.
- **Thematic priorities**: skills, locations for growth, infrastructure and enterprise/innovation.
- **Key sectors**: ports and logistics, advanced manufacturing, health and social care and low carbon/renewable energy.

The Committee asked what support was being given for single employee businesses in order to foster their development and encourage expansion and growth. It was explained that there is help available, but it has to be carefully considered at what point an intervention is staged. Support can be in many forms and be considered in terms of what is most effective.

It was noted that Members felt that there could be more support and advice for these single owner operator businesses to help them expand and take on greater business risk. There could be a lack of understanding of what practical measures for this support Essex County Council could provide and whether these measures were being taken full advantage of.

Some Members expressed concern about damage to the Green Belt, and if the speed of implementation meant that Green Belt could be lost.

Questions were raised about the choice of “key” sectors and other sectors. It was then explained that sectors are all supported but that the key sectors are identified as having the potential for strong economic growth, by giving more attention to these than what would normally be received by other sectors it can boost the potential economic growth in Essex.

Finally Members asked whether the sectors would be reviewed at any point. It was explained that the sectors are constantly researched and that changes would be made depending on what is best in terms of the Economic Growth Strategy.

Steve Clarke, Director of the Haven Gateway Partnership, then addressed the Committee on what effective interventions may look like and how they would operate. He explained that it can seem tempting to solve problems by intervening with short term and immediate actions, however this may have serious ramifications; a housing estate with no leisure facilities or decent infrastructure to leisure facilities will create a community that is unfulfilled or unhappy. It is important to consider when intervening what the knock on effects of an intervention may have.

Some reflections about the menu of choices for intervention

- Stimulating economic growth is not about quick fixes and can require long term commitment.
- Interventions often have to be multi- faceted in order to make a lasting difference.
- The key to success often lies in orchestrating a strong partnership approach.
- Which interventions to make and how much to spend in order to achieve the likely outcome is a judgement based upon evidence.

There were in depth explanations of the importance of infrastructure and the benefits that well planned infrastructure can make, with particular reference given to the Colchester stadium and acknowledgements that more needs to be done in terms of multi-modal infrastructure. Amongst these were green infrastructure interventions, which aim to lessen the impact of car usage in Essex, given that we are currently over reliant on car usage.

The impact of capital projects was discussed and how despite their declining nature they can immediately transform an area. Clacton was given as a good example of this. It was then discussed how important business support for enterprise is, helping to foster a mentor-like relationship between successful businesses and their newer counterparts. Particularly important is fostering innovation, as only 6% of the total number of businesses makes up almost 50% of all jobs. The common thread in those 6% was innovation. Finally it was important to ensure that economic growth was fostered through a skilled workforce who will be able to push economic growth forward in the future and support current economies now.

Economic Growth Strategy Evidence Base

Highlights

Enterprise and Innovation:

- There were almost 52,000 enterprises in Essex in 2011.
- Looking at the size of local enterprises, like the UK and the region, the vast majority of Essex businesses are micro businesses.
- It has become harder to set up a business and the numbers of business start-ups have reduced. Failures have increased too. The net effect is deterioration in the overall volume of start-ups.

Education, Skills and Employment:

- Nearly 53, 000 of the working age population in Essex do not have qualifications. This may in part be explained by the older working age profile in Essex (% Economically Active, 2010).
- There are just three sectors employing over 50,000 – wholesale, health and education (Employees by Sector, 2010).
- Over 2,000 16-19 year olds in Essex were not in education, employment or training [NEET] (ECC, May 2012).

Locations for Growth:

- Over the next 20 years, the number of households in the East will grow by 25% outpacing national projections by five percentage points (Housing and Planning Statistics 2010, DCLG).
- 2011-2031 recommended job targets for Greater Essex – of the 114,100 jobs predicted 46% (52,000) are in three locations – Chelmsford, Thurrock and Colchester.
- The East is the fastest predicted growing region with Essex outperforming the regional average in % terms. By 2030 the 2010 population is predicted to grow by nearly 300,000 or just over a fifth (ONS)

The Committee sought clarification on what evidence was available that people would use green infrastructure, and it was explained that our current over-usage of cars and the cost that comes with that, through work hours lost in traffic, slowed land freight in traffic and petrol costs would make green infrastructure more viable. However, it was more likely to be taken up if it was already in place, rather than being added later.

Infrastructure was considered to be of great importance, with some individual councillors stating that they felt that despite their Borough's and Districts being quite affluent, the lack of proper infrastructure meant that they could not capitalise on the potential that was there. This was listed in terms of rail links, with very few high speed links available outside Chelmsford and Colchester, and in terms of access via the A12. Members questioned whether or not closed railway lines could be reinstated to reduce congestion on the road network.

Some Members asked whether Essex received a fair share of EU funding and were told that while there is funding available it has not been as easy to obtain for road infrastructure.

It was also noted that there were concerns about the lack of school places in areas of the county, which meant that poor infrastructure was particularly congested due to school children needing to be bussed to their schools.

Questions were asked about partnerships, particularly about the mentoring forum and why smaller businesses were asked to mentor rather than larger and potentially more experienced businesses. It was agreed that the stronger the partnership the stronger the intervention will be. With regard to the mentoring forum it was important to have people who understood what being a small business owner could be like.

It was noted that Members were unsure of the current relationships with the Chambers of Commerce, and what more could be done to build relationships and drive forward growth. It was suggested that this may lead to more apprenticeships and start-up businesses.

Members also enquired as to what relationship the County Council currently has with the Borough and District Councils and whether more could be done in this relationship to push economic growth forward.

Next discussion moved on to the issue of greater spending outside the county to the west, specifically on ports which may take trade away from ports such as Felixstowe. The officers stated that while they are monitoring the situation, a global look had to be taken on port freight. The markets involved with both ports are different and so Felixstowe may not run the risk of losing trade.

The issue of housing was raised, as it becomes apparent that due to rising costs in London more people will come to Essex. This was followed on with questions over affordable housing. It was discussed that housing is an important intervention being considered but as discussed before it is important to look at the issues holistically to avoid unexpected knock on effects. Affordable housing also needs careful consideration as there is a view that this comes with those who impact heavily on welfare, although this is not always the case (see individuals in frontline services)

Ros Dunn, Director of Commissioning Economic Growth and Communities, proceeded to address the Committee on how task and finish groups are looking at specific areas of how commissioners can best help economic growth.

Our New World

In the commissioning world, we have:

- Outcomes which are derived from Cabinet priorities;
- Indicators against which we will demonstrate progress towards delivery of the outcomes;

- And we will commission services through COGs to deliver the outcomes. Commissioners will be responsible for identifying what needs to be done for ECC to deliver, ultimately, against outcomes. We will work closely with commissioning support as we align resource to commissioning requirements.

Where does economic growth fit in?

- As part of the South East Local Enterprise Partnership, we have to deliver our contribution to the SELEP Strategic Economic Plan.
- Our approach has been to start by working up our Economic Growth Strategy (EGS) to an “EGS +”, where “+” means three things:
 - Broader coverage to include the requirements of districts and boroughs;
 - Inclusion of additional themes according to Government’s expectations;
 - Greater ambition and more stretching targets.
- This is all needed to give us the strongest possible case to attract the biggest possible share of the Single Local Growth Fund.

Key Points

- No new money for 2015/16 and a requirement to “win back” our raided budgets; but real prospect of more in future years (makes the game worth playing)
- Big emphasis on competitive bids and high hurdles to jump
- Strong steer towards
 - Aligned or pooled budgets
 - Partnership working (combined authorities)
 - Additional leverage (list own resources)
 - Creativity, what else (freedoms and flexibilities)

And there’s more....

- The Essex contribution to the SELEP Strategic Investment Plan needs to link in to other related plans/strategies.
- The prize is that if we can make it all fit together, we will have a robust basis for our Place Commissioning Plan.
- But we will still need a ‘translation’ mechanism, to get us from here to an ability to ensure we commission effectively.

An explanation was given on the SELEP (South East Local Enterprise Partnership) along with the growth fund, which has solidified the importance of developing the evidence base, as this is used directly to ensure that the growth fund money is won.

Ros Dunn explained that despite the inherently strategic nature of the Economic Growth Strategy, the evidence base must be solid. Each of the small projects and claims that make

up the evidence base are scrutinised and thus the whole project is essentially a “bottom-up” exercise.

It was also explained that the wealth or employment levels do not affect where money from the SELEP goes, the consideration is purely where there would be most economic growth

Questions were specifically asked about Tendring, over whether it has been isolated, due to a lack of good infrastructure and green energy projects that don't directly benefit the community. It was explained that the issue was being attacked holistically rather than just through infrastructure. There may be a need for more training on green energy products and technology, in order for the local communities to make a living from these new technologies. The port at Harwich could be looked at with a view of what can be done to develop the marketing strategy in place there. It was also explained by David Adlington that there is currently a Clacton based enterprise hub, and that no new start-up companies have failed in three years whilst incubated at the enterprise hub.

Following the meeting members were asked to respond to an Action Learning Exercise 'How you would apportion Economic Growth investment to meet economic growth challenges for your local area?' to assist in the process of implementing economic growth measures. The responses of members who involved themselves in this exercise are included above.
